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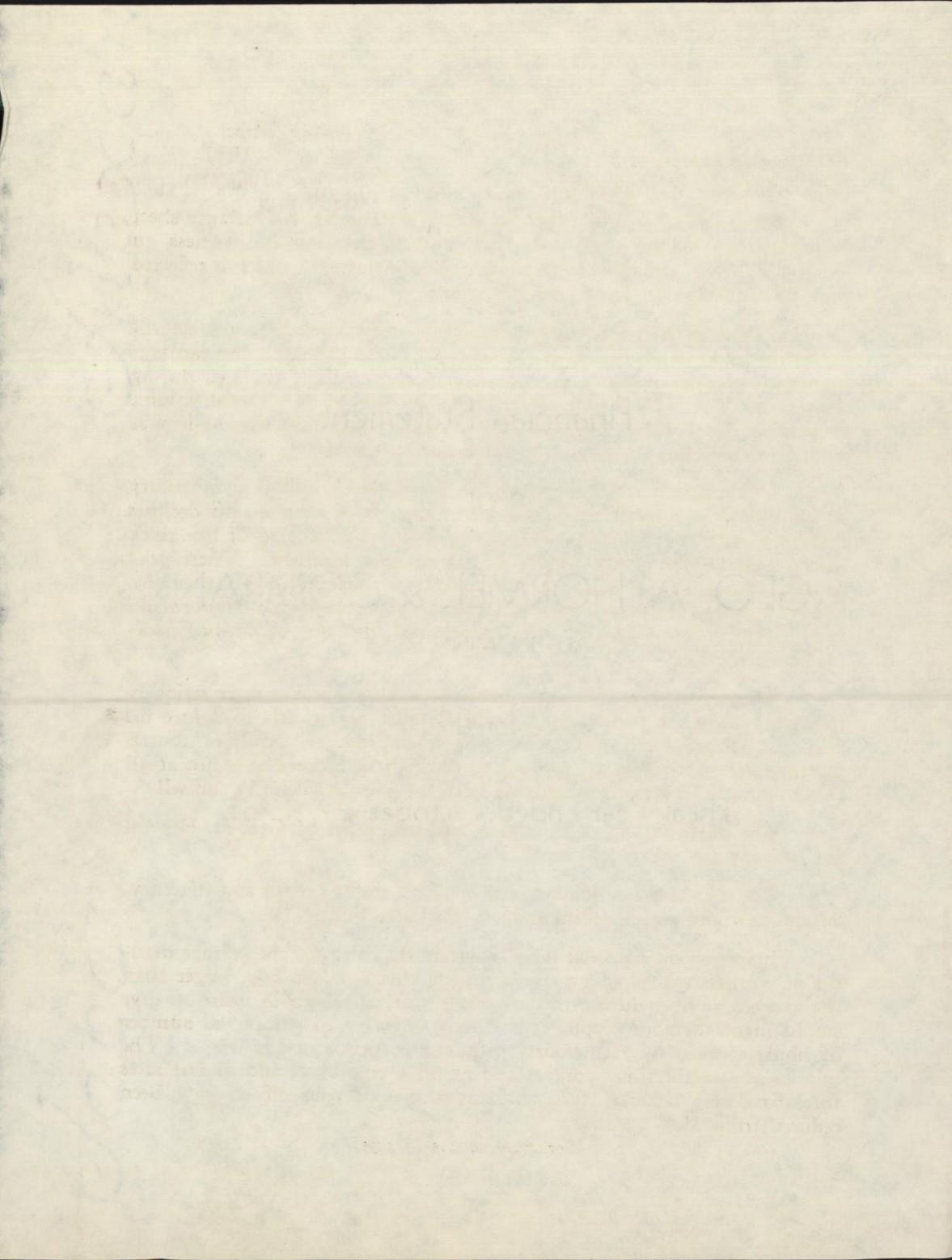
Financial Statement

OF

GEO. A. HORMEL & COMPANY  
AUSTIN, MINNESOTA

for the

Fiscal Year Ended October 29, 1932



Austin, Minn.,  
Nov. 15, 1932.

To the Stockholders of  
Geo. A. Hormel & Company;

We are handing you herewith a copy of the certified balance sheet indicating the condition of your Company at the close of business on October 29, 1932, together with an earnings statement in which is reflected the operations for the fiscal year just closed.

Although the profit earned represents only a small return on the capital invested in the business, it compares favorably with the earnings in industries whose volume of business has substantially declined during the depression. This Company is fortunate in that its physical volume of business has actually increased even though prices have been so low as to make that volume produce less actual dollars of sale.

A year ago it seemed unlikely that further shrinkage in inventory values would be a substantial factor, but there have been drastic declines this year, until, as everybody knows, the prices of meat and of live stock are now the lowest in the history of the packing industry. These price declines have not been as great as the declines during the year previous, but because price levels have been so very low, there has been an abnormally low margin between the cost of live stock and the value of finished packing house product.

These low prices, however, have affected the Retailer more seriously than they have the packer, because the Retailer is less able to reduce his overhead in proportion to falling values of product. And, of course, present live stock values are ruinous to the Farmer because he is not at all able to govern his costs in accordance with the price at which he can sell.

The business and organization and properties of Geo. A. Hormel & Company are in excellent condition.

The plant has been maintained in a high state of repair and efficiency. Several new and useful additions to it have been built.

Employment has been fully maintained. In fact, the average number of workers employed by the Company this year has been larger than the average number during the preceding year, although in order to give employment to more people, it has been necessary to reduce the number of hours worked by each hourly worker by approximately 10%. The salaries of straight time workers and of office employees and of our sales force have been reduced 10%, and the salaries of your officers have been reduced from 15% to 20%.

*(Continued on seventh page)*

# CONSOLIDATED

## Geo. A. Hormel & Company -

October

### ASSETS

#### CURRENT:

Cash	\$2,167,007.87
Accounts Receivable, less allowance	909,041.55
Merchandise inventories	<u>1,878,783.72</u>
Total Current Assets	\$4,954,833.14

#### OTHER ASSETS:

Investment in associated company	\$ 54,000.00
Employees' stock purchase notes, less allowance	64,241.69
Sundry notes and accounts, less allowance	123,984.52
Sundry securities, less allowance	10,666.94
Employees' advances	15,928.43
Real estate - other than plant	<u>210,088.31</u> 478,909.89

#### PERMANENT - *at cost*

Land	\$ 101,219.42
Buildings, machinery and equipment	\$5,331,941.79
Less allowance for depreciation	<u>1,439,284.76</u> 3,892,657.03      3,993,876.45

#### PREPAID:

Plant supplies, unexpired insurance, etc.	96,746.24
<u>\$9,524,365.72</u>	

(NOTE) Company was reported contingently liable as guarantor in the amount of

#### GEO. A. HORMEL & COMPANY:

We have examined the accounts pertaining to the assets and liabilities of the Company as of October 29, 1932, and have reviewed the operations for the period ended at that date.

In our opinion, subject to the accuracy of the inventory quantities determined by audit of the Mexican subsidiary without audit, these accounts consisting principally of net current assets, show the consolidated financial position of the Companies and the consolidated results for the year ended October 29, 1932.

Minneapolis, November 14, 1932

# BALANCE SHEET

Austin Minnesota, and Subsidiaries

29, 1932

## LIABILITIES

### CURRENT:

Accounts Payable-----	\$ 187,020.76
Dividends - payable Nov. 15, 1932-----	146,305.25
Accrued taxes, etc.-----	<u>101,224.15</u>
Total Current Liabilities-----	\$ 434,550.16

### RESERVE:

For contingencies, etc.-----	150,423.61
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### CAPITAL:

Preferred stock - cumulative authorized-----	50,000 shares
Class A-6% Class B-7%	
Issued----- 14554 shares	1086 shares
In treasury--- 247 "	279 "
Outstanding--- 14307 "	807 " \$1,511,400.00
Common stock - no par value	
Authorized----- 500,000 shares	
Issued----- 493,944 "	
In treasury----- 17,161 "	
Outstanding----- 476,783 "	5,904,081.15
Surplus-----	<u>1,523,910.80</u>
	8,939,391.95
	<u>\$9,524,365.72</u>

of \$145,387.78.

GEO. A. HORMEL & COMPANY, AUSTIN, MINNESOTA, and its domestic subsidiaries  
at date, and

determined by the management, the foregoing balance sheet (including the accounts of  
current assets of \$55,494.21) and the accompanying summary of income and surplus  
results from operations for the fifty-two weeks ended at that date.

Signed (ERNST & ERNST)

SUMMARY OF CONSOLIDATED INCOME AND SURPLUS

Geo. A. Hormel & Company - Austin, Minnesota  
and Subsidiaries

*Fifty-two Weeks Ended October 29, 1932*

Net sales		\$24,179,634.58
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Deduct:		
Cost of goods sold, selling and ad- ministrative expense - excluding de- preciation		23,381,090.36
OPERATING PROFIT	\$	798,544.22
Provision for depreciation	\$301,290.35	
Miscellaneous charges - net	33,184.46	334,474.81
NET PROFIT *\$		<u>464,069.41</u>

\*No provision has been made for Federal Income Tax on  
account of application of statutory net loss of prior year.

Consolidated Surplus Account

SURPLUS - November 1, 1931 \_\_\_\_\_ \$ 1,886,727.98

CHANGES FOR THE PERIOD

Dividends paid or provided for:

On preferred  
stock \$ 91,970.22

On common  
stock 472,789.00 \$564,759.22

Adjustment for cost of  
treasury stock in ex-  
cess of capital value 262,127.37 \$826,886.59

Less:

Net profit from operations 464,069.41 362,817.18

SURPLUS - OCTOBER 29, 1932 \$ 1,523,910.80

The sales force of the Company has been held intact and has been improved and somewhat extended. A new manufacturing branch has been established in San Francisco, and the manufacturing branch operating in Los Angeles, which was destroyed by fire during the last week of October, is already nearly rebuilt, affording us improved facilities, and without serious loss of business because of the disturbance.

Several new products have been added to the Company's line, notably Hormel Flavor-Sealed Vegetable Soup, which is now in national distribution and seems to be gaining favorable acceptance by the consuming public.

The Company is entering its new business year with a balance sheet showing current assets of \$4,954,833.14, consisting of customers' accounts from which all doubtful ones have been removed or provided for, of merchandise ready for sale or in preparation and which has been priced on the basis of the lower of cost or market, and with \$2,167,007.87 in cash. Against this the Company has no borrowed money, has no bonds or mortgages against its property, and has no other debts except current bills which at the close of the year amounted to \$288,244.91 for supplies and wages and local taxes.

After the November dividends were also set up as a current indebtedness, the ratio of quick assets to current liabilities was 11.4 to 1.

Thus the affairs of your Company are in good shape to permit it to share in any improvement in general business conditions. It is to be hoped that this next year will bring a better price to the Farmer who produces our live stock and better earnings to the consumer who buys our products.

JAY C. HORMEL  
President

